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## Outsourcing in American Libraries-An-Overview

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# Against the Grain

"Linking Publishers, Vendors and Librarians"

## Outsourcing in American Libraries — An Overview

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General Library)

The Editor wishes to thank **Libraries Unlimited** for permission to quote sections from **Sever Bordeianu** and **Claire-Lise Benaud**'s forthcoming book, **Outsourcing in Academic Libraries: — KS**

Outsourcing is one of those issues that riles people. Two reactions are guaranteed when the topic comes up: librarians always have an opinion about it, and everybody has an outsourcing story to tell. The term outsourcing means "the transfer of an internal service function to an outside vendor." [1] In its most basic form, outsourcing "is a fancy term for having someone else do your work" [2] and it affects all sectors of the economy, including libraries. A recent business

survey indicates that 40% of the **Fortune 500** have outsourced some department or service. [3] U.S. companies will spend \$100 billion on outsourcing and it is estimated that they will cut their costs by 10-15%. [4] In view of this reality, companies need to ask themselves not whether to outsource but what to outsource. Is outsourcing part of the re-engineered and reinvented world touted by economists? Is it part of the wider movement of society towards shaping a more productive and less wasteful world? Is it a rush to lean management, or a response to the ever-increasing complexity of business? Is it a way for the United States to erode its workforce?

continued on page 16



day, October 13, **Reed Elsevier** and **Wolters Kluwer NV** announced that they plan to merge by the first half of 1998. This would create one of the largest professional and scientific publishing and information publishing groups in the world. The merged company would employ about 42,000 people. Anglo-Dutch Reed Elsevier and Amsterdam-based Wolters Kluwer has combined 1996 sales of about \$8.1 billion, this according to **Reuters' Andrew Kelly**.

And this just crossed my desk. "Trends in Health Science Book Publishing, 1984-1996, by the \*awesome\* **Danny Jones** (Assistant Library Director for Collection Development, the University of Texas Health Science Center at San Antonio) <jones@uthscsa.edu>. It is published in **A Major Report** by our friends and colleagues at **Majors Scientific Books, Inc.**, (v.18#3, summer, 1997).

The buyout of **KRII** by **MAID** is still very much in the works. Word is that **Maid, PLC**, a British online provider of business information, is going to pay \$420 million for **Knight-Ridder Inc.'s Business Information Services Inc.** unit. It is generally agreed that Knight-Ridder decided to divest itself of "nonstrategic" business information assets when several attractive newspapers became available for sale from the **Walt Disney Co.** for \$1.6 billion. In accordance with the rules of the **London Stock Exchange**, Maid has suspended trading of its shares on the London Stock Exchange pending approval of the transaction at a meeting of shareholders scheduled for November so maybe we'll hear more at the Charleston Conference!

## If Rumors Were Horses

Let's see. This just hit the news as we were "in press." Thank goodness Toni (my printer) is so cooperative! On Mon-

### What To Look For In This Issue:

Annual Survey	41
High Wire Press	80
Discriminating Consumers	86
Interviews	
Gary Herald	30
Robert Franklin	32
Nigel Farrow	34



1043-2094(199711)9:5;1-L

continued on page 8



## Outsourcing in American Libraries

from page 1

Libraries have long contracted out some of their operations such as security, photocopying, and janitorial services. This type of outsourcing, which was limited to narrow and well-contained areas of librarianship, was never controversial. Many libraries have also outsourced preservation and collection development, and in the process gained much experience. Currently, the trend is to outsource technical services, with cataloging at the vanguard. This trend illustrates an evolution towards passing more and more responsibilities to the vendor.[5] Outsourcing has reached a stage where it is now replacing entire functional areas in the library. Over time, outsourcing has evolved from an impersonal relationship between two companies, to a closer collaboration leading toward a fuller partnership between supplier and buyer. Libraries outsource an array of functions such as: the selection and acquisitions of materials through approval plans; cataloging, selective or total; authority control and retrospective conversion; preservation and binding; systems; and in limited ways, even reference and document delivery.

In the fall of 1996, the authors send out a survey to all 109 members of the **Association of Research Libraries (ARL)** and to 110 medium-sized academic libraries with holdings between 300 thousand and 900 thousand volumes with the majority around half a million volumes. Ninety-seven (70%) of the libraries reported that they outsource collection development, while forty-one (29%) of the respondents reported they do not. Of the libraries that outsource collection development, ninety-six (69%) use approval plans, forty-five (32%) use blanket orders, and four (3%) have arrangements with bookstores. Five libraries (3%) marked the category "other." In this category, libraries listed purchase plans, depository arrangements with agents in foreign countries, arrangements with vendors for special collections and archival materials, and one instance of renting bestsellers and popular reading materials. [6]

ARL libraries outsource in larger numbers than non-ARL libraries. Fifty-nine (85%) of the responding ARL libraries outsource some aspect of collection development, while only thirty-eight (54%) of the non-ARL libraries do. This is reflected in the difference between the prevalence of approval plans and blanket orders in ARL versus non-ARL libraries. Fifty-eight (84%) of ARL libraries use approval plans while only thirty-eight (54%) of the non-ARL libraries do. [7]

### Why Outsourcing

The 1990s are the decade of corporate re-engineering, downsizing, and rightsizing. Libraries are examining the tasks they perform vis-a-vis their core activities and are asking themselves whether these activities can be eliminated, whether they really need to be done in-house, or whether they can be outsourced to an outside vendor. Evidently, re-engineering does not invariably result in outsourcing. Instead, it gives libraries the opportunity to consider outsourcing as a tool they can use to achieve change.

The goals of outsourcing are to reduce costs, increase the level and quality of customer service, and achieve a better price/performance objective for the functions outsourced.[8] New technologies are also part of the motivation to outsource, as many activities can be performed remotely, eliminating the need for in-house personnel.

### What Can Be Outsourced

As a rule, companies keep in-house essential functions, also known as core competencies. In addition to core competencies, organizations also engage in a host of peripheral operations. Thus a manufacturer, a service company, and a library all need personnel departments, janitorial services, and security services which enable them to function properly but do not define their

business. It is often these support operations that companies outsource. Outsourcing peripheral operations allows the company to give more attention to its core competencies. **Tom Peters** is supposed to have summed it up by saying, "you should do what you do best and outsource the rest." [9]

What constitutes a core library service is at the heart of the controversy. Neither the library nor the business literature present a full-proof method to determine what is core and non-core. When some libraries completely outsourced their cataloging and collection development, functions that traditionally had been considered core, the library community became engaged in a heated debate. Were these functions outsourced because they were non-core, or were libraries outsourcing their core functions, and thus beginning the erosion of librarianship. Various authors have answered this question in various ways, but the most innovative solution is provided by **Arnold Hirshon** when he asserts that while the final output generated by technical services is core, the "operations themselves are not." [10] Ultimately, what counts is not the definition, but how this new model will change librarianship.

### Pros and Cons

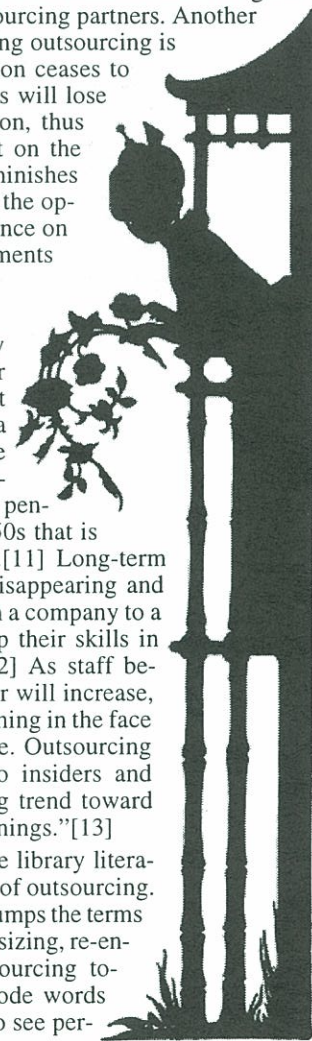
Outsourcing is not a panacea and will not solve all the library's problems. On the positive side, administrators see it as a money-saving strategy and department managers may see it as an efficiency-boosting tactic. On the negative side, it can lead to loss of control over products and services and curtail the library's ability to react quickly to change. In this arrangement, some believe that outsourcing tends to favor vendors over users. In order to maintain control, a good contract is an essential tool that gives the library leverage over its outsourcing partners. Another common fear of libraries regarding outsourcing is loss of expertise. When a function ceases to be performed in-house, librarians will lose the skills to perform that function, thus becoming completely dependent on the vendor. This situation also diminishes the library's chances of bringing the operation back in-house. Over reliance on vendors is one of the major arguments used against outsourcing.

### A Changing Paradigm

Outsourcing changes the way library employees relate to their work. Job security, which was not an issue in the past, has become a preoccupation. The idea of people working for one company, moving up the ladder, and getting a pension is a phenomenon of the 1950s that is quickly vanishing in the 1990s.[11] Long-term allegiance to one employer is disappearing and the result is a shift in loyalty from a company to a profession as employees develop their skills in order to be more marketable.[12] As staff become more mobile, staff turnover will increase, thus augmenting the need for training in the face of a diminished pool of expertise. Outsourcing also "sharpens the division into insiders and outsiders and reinforces the long trend toward the polarization of American earnings." [13]

In light of these negatives, the library literature includes some critical views of outsourcing. For example, **Michael Gorman** lumps the terms modernizing, restructuring, downsizing, re-engineering, rightsizing, and outsourcing together and considers them all code words for the administration's refusal to see per-

continued on page 18





sonnel as a long-term asset.[14]

### Outsourcing in Libraries

The last two decades have been characterized by continuous and chronic budget crises. Today, library administrators are faced with a dilemma: how to continue providing quality services under the stress of ever-decreasing resources. Library administrators have realized that the environment in which libraries operate has changed. At the same time, library vendors and service providers are offering a larger variety of services designed to alleviate some of these burdens and are providing more services that libraries can purchase off the shelf. Some of these products are the results of increased technological capabilities that both vendors and libraries have at their disposal, and would not have been feasible prior to advances in automation. Others are brought out by market needs, as vendors are competing with each other to capture a larger portion of the existing market. Ultimately robust libraries are crucial to the well-being of library suppliers and vendors.

Library budget-cutting strategies have concentrated in one of three areas: cutting the acquisitions budget, implementing hiring freezes, and more recently, total outsourcing of some library operations. The library profession has to face the fact that "outsourcing has become a standard business practice." [15] Outsourcing occurs in all types of libraries. However, the degree to which the practice has been adopted by different types of libraries varies, with special and public libraries in the forefront, academic libraries lagging behind, and federal libraries actually reversing some of the drastic outsourcing decisions implemented in the 1980s.

### Special and Public Libraries

In the corporate library world, private library consulting companies have begun to take over the internal libraries serving some of the nation's largest companies. For example, **General Electric** outsourced its library services to **Teltech**. [16] Companies like Teltech also offer outsourcing options such as facilities management, research services, document delivery, and in some cases will provide full time staff for either technical or public services for a library. Some worry that this phenomenon will prove to be the end of corporate libraries.

Public libraries also engage in outsourcing. A celebrated example is the **Hawaii State Public Library System's** complete outsourcing of several of its main functions. [17] The library is outsourcing automation to Ameritech, library collections — including acquisitions, selection, and cataloging — to **Baker & Taylor**, and serials to **Information Access Corporation**. All technical services staff were transferred to public services. In contrast with some of the outsourcing in special libraries, Hawaii did not let go of any of its employees.

### Academic Libraries

Taking cues from their colleagues in special and public libraries, academic librarians see outsourcing as an increasingly attractive alternative. Typically, academic libraries have outsourced some collection development functions — witness the prevalence of approval plans, preservation and binding, and have engaged in some selective outsourcing of cataloging — retrospective conversion, authority work, and special projects.

The latest wave of outsourcing taking place in technical services involves the closing down of entire departments and the very future of technical services is debated at conferences across the country. **Wright State University** may have started a trend, when in 1993 it completely eliminated its cataloging department and outsourced its operations to OCLC. Since then, several other academic libraries have followed suit, and vendors are gearing up to deal with increased demand. In a few short years, **OCLC's Techpro** has grown from eight to 35 staff, of which 26 are catalogers. [18] This number is already surpassing the size of the average library cataloging department and is expanding. Clearly, technical services functions lend themselves better to outsourcing. Many of these functions are repetitive in nature and an outsource vendor can perform the operation once and then sell the product many times. The wholesale outsourcing of entire technical services departments feeds the controversy and the paranoia.



### Outsourcing in Federal Libraries

In the mid-1980s, the federal government embarked on a strategy of shifting public functions to the private sec-

### Footnotes

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continued on page 20



# Call For Papers

Against the Grain — Annual Report Issue — February, 1998



For the second year in a row, *Against the Grain* will publish a **\*\*sixth issue\*\*** — v.9 #6, February 1998. This sixth issue of *Against the Grain* will be called the **Annual Report Issue**. In it, we will cover events, trends, and issues which impacted our industry in 1997 and discuss what will be the trends of 1998. Here is a chance for library, vendor, and publishing professionals to observe, take stock, and look forward to the future.

The focus of the sixth issue will be on the year's work. We need writers to provide their own recapitulations of 1997. We need viewpoints from publishers, book jobbers, subscription agents, librarians,

consultants, retired persons, any of us in the ever-expanding information industry. What were the issues of 1997? What were the trends? What conferences did you attend and what did you learn from them, about them? Which of our colleagues have contributed to our world, making it better, more provocative, happier?

Once again, **Tom Leonhardt** has agreed to edit the sixth issue of *Against the Grain* — but we all need your help. Ideas, submissions, whatever should be sent to Tom at (Oregon Institute of Technology) <tleonhardt@oit.edu>. Or you can even send them to Katina <strauchk@cofc.edu>; fax (803-723-

3536), USPS: 209 Richardson Dr., MSC98, The Citadel, Charleston, SC 29409. We hope our usual columnists will provide material, preferably with this 1997 wrap-up spin on the text, but the main thing is to submit something. For those of you who have been quiet, now's your time to speak up! And remember — Writing is a great exercise. Studies show that using our brains actually causes them to grow. And remember, publishers and editors may add value to a publication, but the intrinsic worth of any magazine comes from the writers. **Please contribute no matter how much you may have given at the office.** Thank you. 🌻

## Outsourcing in American Libraries from page 18

tor.[19] This movement toward privatization included federal libraries, which were defined as a commercial activity in Circular A-76 issued by the U.S. Office of Management and Budget. As a result a number of federal libraries were outsourced to private companies. The library profession strongly opposed this practice, arguing that libraries are not products that can be purchased off-the-shelf.[20] After years of experimentation and some major failures, this movement fizzled out because privatization costs became higher than anticipated.

### The Mechanics

No two academic libraries are alike and outsourcing reflects this diversity. Different libraries may choose different outsourcing strategies to suit their specific situation. Vendor services reflect this diversity as they try to satisfy individual libraries' needs. However, all libraries have to ask themselves the same questions before embarking on an outsourcing project. By following a carefully constructed plan, an organization increases the chances that its outsourcing operation is successful. There are three clear phases to outsourcing: planning, implementing, and managing. Libraries will need to devote a lot of time and energy during each phase of the process.

Planning, by far the most time-consuming phase, has several distinct phases. The library has to examine and cost out internal workflows and operations. This phase is difficult to achieve as there are few studies that give ready-made answers. The library has to go through a painstaking process in order to gather its data. Once the decision is made to outsource, the library has to prepare an RFP and go

out for bid. Choosing a vendor is another daunting task and so is negotiating the contract. None of the steps should be skipped since they are each vital to a successful outsourcing venture.

Once the vendor has been hired, the implementation phase starts. This phase is the most disruptive stage as the library has to rearrange workflows, introduce new routines, develop new policies, learn how to use new systems, and integrate its work with that of the vendor. Implementation can be really intense, but should not last long.

The third stage, managing, is an ongoing process and consists of quality control and troubleshooting. Experts advise that in order for an outsourcing venture to function properly, the library needs to refrain from micromanaging the project, the quality checking has to be done selectively, and in general, there has to be a high level of trust between the two parties.

At all three levels, there needs to be a project manager in charge and the library administration has to be fully supportive of the operation. During all phases, it is imperative to keep the lines of communication between the administration and the employees open. Otherwise, vested interests in the library that may oppose outsourcing could cause the endeavor to fail,

### Conclusion

Outsourcing is neither good nor bad. It is only a tool that libraries can use to improve their operations. The library's specific circumstances, and the manner in which outsourcing is implemented are the main factors that will determine success or failure. Regardless of how librarians feel about outsourcing, they should keep an open mind. Budget crises will not go away, and libraries need to keep track of all the alternatives at their disposal. 🌻

## Rumors from page 14

deter illegal activity than banning the manufacture of valuable devices with multiple purposes, such as personal computers or the next generation of video recorders. (Librarians and educators must have access to such devices to actually take advantage of fair use or other privileges afforded them under the Copyright Act.)" **Robert Oakley**, director of the Law Library at **Georgetown University Law Center**, said he was pleased with the introduction of Sen. Ashcroft's bill, which deals with many copyright issues currently facing the library community. **Oakley**—who testified at a recent congressional hearing on online service provider liability on behalf of 18 of the nation's principal education and library organizations, including ALA — said that the hearing was a "good dialogue between content providers and Internet service providers."

The right hand doesn't always know what the left hand is doing. Recently heard from the fabulous **Glenda Alvin** (Tennessee State University) <alvin001@HARPO.TN-STATE.EDU> whose new job we told you about. BUT we did not change her **ATG** mailing address and she was scrambling for news of the **1997 Charleston Conference**. Oops! Sorry, Glenda. See you soon, I hope.

**AIP** and **APS** prevailed in the law suit by **Gordon & Breach**. The freedom to provide academic libraries with information about the cost of scholarly journals was upheld by a federal judge in New York in a decision issued on Tuesday, August 26.

**Connie Kelley** <cak@poe.acc.virginia.edu> writes that she is devastated! She will not be able to attend the Charleston Conference this year. One of the many things that this fabulous woman is doing is taking two weeks off to show some friends from Wales the Eastern U.S. "I am really going to miss

continued on page 26